

Message Text

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ORIGIN NEA-07

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 PM-03 INR-05

CIAE-00 L-01 PRS-01 OMB-01 TRSE-00 EB-03 ACDA-10

SSO-00 INRE-00 /051 R

DRAFTED BY NEA/ARN:TJCAROLAN:DOD/DSAA:LT.COL. CPERKINS

APPROVED BY NEA:ALATHERTON, JR.

NEA/ARN:MDRAPER

DOD/OSD/ISA:COL RTHOMPSON (DRAFT)

DOD/DSAA:LT.GEN. HFISH (DRAFT)

PM/SAS:DKEENE (DRAFT)

L/PM:JHMICHEL (DRAFT)

----- 041445

O R 270125Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY AMMAN IMMEDIATE

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

USCINCEUR

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CORAMC ALEXANDRIA VA

USA MISSILE CO REDSTONE ARSENAL

S E C R E T STATE 019614

LIMDIS JOINT STATE/DEFENSE MESSAGE, FOR AMBASSADOR

E.O. 11652: GDS

TAGS: MASS, JO, US

SUBJECT: HAWK FINANCING PROBLEM

REF: (A) AMMAN 343, (B) MAP/AMMAN 146 (151002Z JAN 76)

KUWAIT FOR USLOK COL. SMALL AND MR. HOENIG

1. WE HAD HOPED THAT HUSSEIN'S HUNTING EXCURSION WITH
SAUDIS WOULD PRODUCE MORE CONCRETE EVIDENCE THAT SAG'S

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QTE FULL COMMITMENT UNQTE TO FINANCE HAWK/VULCAN SALE

(PARA 5 REFTEL A) WILL RESULT IN EARLY DEPOSIT OF AT LEAST INITIAL FUNDS REQUIRED TO ALLOW SALE TO GO FORWARD. PROBLEM HAS BECOME EXTREMELY URGENT, IN VIEW OF FACT THAT IF DOWN PAYMENTS REQUIRED IN FMS CASES UPZ, URS, CDT AND CTE ARE NOT RECEIVED BY JAN 31, ALL ACTIONS ON I-HAWK PROGRAM FOR JORDAN WILL HAVE TO BE TERMINATED, WITH TERMINATION COSTS ESTIMATED AT DOLS TWO MILLION ACCRUING TO GOJ. THIS UNDESIRABLE ACTION IS DICTATED BY APPLICABILITY OF PROHIBITIONS (UNDER SEC 22(A) FMSA AND STANDARD CLAUSES OF DD FORM 1513) AGAINST OUR PROCEEDING WITH EXPENDITURES OF FUNDS WITHOUT LIKE AMOUNTS ON DEPOSIT WITH DOD IN JORDANIAN COUNTRY ACCOUNT UNDER CONTRACTS IN QUESTION. MOREOVER, EVEN IF NECESSARY DOWN PAYMENTS WERE TO BE MADE BY GOJ TO REOPEN THESE FMS CASES AFTER JAN 31, COSTS OF EQUIPMENT AND SERVICES COVERED BY THOSE CASES WOULD

CERTAINLY ESCALATE.

2. IN VIEW OF FOREGOING, REQUEST YOU AGAIN RAISE THIS ISSUE WITH KING, PRIMIN RIFAI AND CINC BIN SHAKER AS SOON AS POSSIBLE, STRESSING THE SERIOUS STATUTORY PROBLEM WE ARE UP AGAINST IN OUR EFFORTS TO IMPLEMENT HAWK/VULCAN SALE AND POINTING OUT THAT, MUCH AS WE WOULD DEEPLY REGRET CONSEQUENCES OF TERMINATION, DELAY IN DOWN PAYMENTS BEYOND JAN 31 WILL LEAVE US NO ALTERNATIVE.

3. A SHORT-TERM ALTERNATIVE TO THIRD-COUNTRY FINANCING, WHICH COULD ACCOMMODATE MINIMUM AMOUNTS REQUIRED BY JAN 31, WOULD BE TO APPLY JORDAN'S ENTIRE FY 1975 FMS CREDIT BALANCE TO THIS SALE. THIS COURSE OF ACTION COULD ONLY BE A STOP-GAP, HOWEVER, SINCE IF FUNDS ARE NOT QUICKLY REINSTATED BY GOJ OTHER FMS CASES PLANNED UNDER FY 1975 FMS CREDITS ALLOCATED TO JORDAN WOULD BE JEOPARDIZED (FOR SAME REASON AS HAS CAUSED EXISTING PROBLEM). MOREOVER, THE DOLS 30 MILLION AVAILABLE IN FY 1975 FMS CREDITS WILL COVER MINIMUM AMOUNTS DUE ON HAWK/VULCAN ONLY THROUGH APRIL 1976. ANOTHER DOLS 35 MILLION WILL BE REQUIRED IN MAY, IN ADDITION TO REIMBURSEMENT OF THE DOLS 30 MILLION, IF JORDAN IS TO COMPLY WITH HAWK/VULCAN PAYMENT SCHEDULE. FINALLY, USE OF FMS CREDIT--

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EVEN TEMPORARILY--IN CONNECTION WITH HAWK/VULCAN SALE COULD GENERATE QUESTIONING FROM CONGRESS, WHICH HAS BEEN INFORMED THAT THIS SALE WOULD BE ACCOMPLISHED THROUGH THIRD-COUNTRY FINANCING (WITH A CONSEQUENT IMPLICATION - THAT NO FMS CREDIT WOULD BE INVOLVED, EVEN IN THE TEMPORARY AND REIMBURSABLE MANNER WE HAVE SUGGESTED ABOVE).

4. WE BELIEVE YOU SHOULD THEREFORE MAKE EVERY EFFORT TO
ENSURE THAT THIRD-COUNTRY FINANCING WILL BE FORTHCOMING
BY JAN 31, BEFORE WE AND GOJ GIVE SERIOUS CONSIDERATION
TO DRAWING DOWN ON JORDAN'S FY 1975 FMS CREDIT BALANCE--
A LAST RESORT, AT BEST. KISSINGER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSTRUCTIONS, MILITARY SALES, CREDIT PROGRAMS, MISSILES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JAN 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE019614
Document Source: CORE
Document Unique ID: 00
Drafter: TJCAROLAN:DOD/DSAA:LT.COL. CPERKINS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760030-0011
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760117/aaaaaopb.tel
Line Count: 120
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS
Reference: 76 AMMAN 343
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2004 by BoyleJA>; APPROVED <05 OCT 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HAWK FINANCING PROBLEM
TAGS: MASS, JO, US, SA
To: AMMAN
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006